

North Carolina General Assembly Joint Appropriations Subcommittee Natural And Economic Resources



March 14, 2013

Sharon Allred Decker, Secretary
North Carolina Department of Commerce

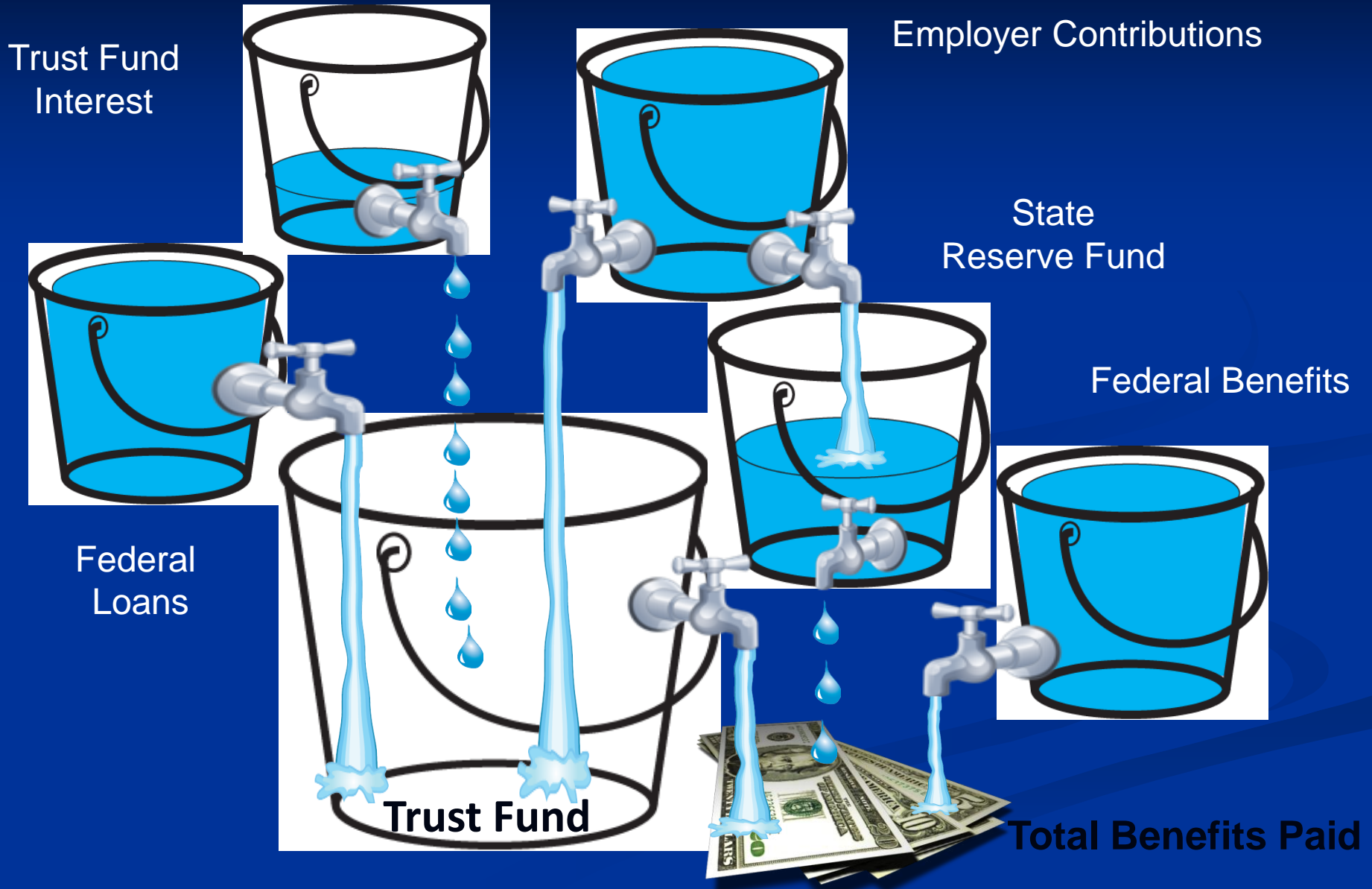
Dale Folwell, Assistant Secretary
Division of Employment Security

Presented by: Lockhart Taylor, Director
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Federal Funding

- ◆ No General Fund Appropriation
- ◆ UI Administration Funding
 - ◆ Regular Unemployment Insurance
 - ◆ \$55 million
 - ◆ Emergency Unemployment Compensation Administration
 - ◆ Earned Quarterly based on activity
 - ◆ \$4.2 million for 3rd and 4th Quarter 2012

North Carolina Trust Fund Monetary Flow



Current DES Funds

- ◆ Unemployment Trust Fund
 - ◆ Employer taxes and State UI Benefits
- ◆ Unemployment Reserve Fund
 - ◆ 20% Surtax
 - ◆ Payment of interest on debt
 - ◆ Benefits
- ◆ Employment Security Administration Fund
 - ◆ Administrative Grant funds from USDOL
 - ◆ Received \$55 million in administrative funds.
- ◆ Special Employment Security Administration Fund
 - ◆ Penalty and Interest Account

State Reserve Fund

- ◆ 20% surcharge on all employers except:
 - ◆ Reimbursable Employers
 - ◆ Government
 - ◆ Non Profit
 - ◆ Indian Tribe
 - ◆ 0% tax rate
 - ◆ Collected \$235 million (Fiscal Year 2012)
 - ◆ Interest payment \$78,453,093
 - ◆ Benefits - \$79,139,000
 - ◆ Current Balance - \$77 million

Previous State Appropriations

- ◆ \$23.5 million from State Reserve Fund
 - ◆ \$19.5 million for operation of local offices
 - ◆ \$500 thousand for the Common Follow Up (CFS) system
 - ◆ \$1 million – Unfunded mandates
 - ◆ ITS initiatives, NC FACTS, Merger Activities
 - ◆ \$2.5 million – Reserve Fund Collection Cost

Additional Appropriations

- ◆ Worker Training Trust Fund

- ◆ \$1 million – Opportunity NC

- ◆ US Treasury Sub Account

- ◆ \$205 million modernization incentive funds
 - ◆ \$100 million benefit and tax accounting system
 - ◆ \$105 million administration of the UI system

House Bill 4

- ◆ Unemployment Reserve Fund
 - ◆ Current balance: \$77,209,764
 - ◆ Capped at \$50 million or amount of interest paid in previous year
- ◆ Employment Security Administration Fund
 - ◆ Administrative Grant funds from USDOL
- ◆ Worker Training Trust Fund
 - ◆ Interest Earned from State Reserve Fund
 - ◆ Current Balance: \$6.7 million
- ◆ Supplemental Employment Security Administration Fund
 - ◆ Penalty and Interest Account
 - ◆ Federal fund stabilization
 - ◆ Balance: \$16.3 million

Assistance for Unemployed Workers and Struggling Families Act

February 2009

- ◆ Congress passes Public Law No. 111-5
 - ◆ Extended the Emergency Unemployment Compensation benefits
 - ◆ Provided Federal Additional Compensation (FAC)
 - ◆ Provided 100% funding of State Extended Benefits (EB)
 - ◆ Waived interest payments for states borrowing to pay benefits
 - ◆ Modernization Incentive Payments

Modernization Incentive Funds

◆ Alternate Base Period

◆ \$68 million

- ◆ Base Period: First 4 of the last 5 completed calendar quarters
- ◆ Alternate Base Period: Last 4 completed calendar quarters

◆ Expansion of Eligibility provisions

◆ \$137 million

- ◆ Part Time Workers - G.S. 96-13(a)(6)
- ◆ Separation for Compelling Family Reasons
 - ◆ Domestic Violence - G.S. 96-14(1f)
 - ◆ Leaving Work Due to a Disability or Health Reason - G.S. 96-14(1)
 - ◆ Leaving Work to Accompany Spouse - G.S. 96-14(1d)

◆ Amendments must be permanent

◆ Set aside in an administrative sub-account

Benefits System

- ◆ Current benefits system over 30 years old
- ◆ Southeast Consortium Unemployment Benefit Initiative (SCUBI)
 - ◆ North Carolina
 - ◆ Tennessee
 - ◆ South Carolina
 - ◆ Georgia

Timeline

- ◆ Feasibility Study
 - ◆ DOL announces funding August 2009
 - ◆ Funding awarded October 2009
 - ◆ Study completed August 2011
- ◆ Develop, Design and Implement
 - ◆ Memorandum of Understanding signed October 2011
- ◆ Consortium awarded \$50 million – November 2011
- ◆ Request for Proposal (RFP) – December 2012
- ◆ Proposal Deadline – March 18, 2013
- ◆ Contract Award – May 24, 2013



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